



FOR IMMEDIATE RELEASE

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MAYOR JERRY SANDERS

FACT SHEET

MAYOR URGES COUNCIL TO HONOR THE WILL OF SAN DIEGO VOTERS ON MANAGED COMPETITION

Mayor Jerry Sanders called on the City Council to keep faith with the citizens of San Diego by voting at today's meeting to implement the mayor's final proposal on the managed competition program.

The mayor and labor unions representing city employees have mutually declared they are at impasse over the comprehensive set of rules that will govern the program, which was approved overwhelmingly by voters in November 2006. The matters on which the two sides remain at odds are ones in which only the mayor's proposal represents the intent of the voters.

"Today, the City Council will hear from labor leaders who will complain that they shouldn't be asked to compete with the private sector unless the scales are tipped decisively in their favor," Sanders said. "I'm asking the Council to adopt a managed competition program that can help us solve the city's budget problems by providing the public with the same quality of services for less money."

The city's labor relations team has spent hundreds of hours over the past three years negotiating with labor leaders in an attempt to design a fair process of delivering efficiency and savings through the program.

In the mayor's proposal before Council today, employees already receive a significant edge over private-sector bidders through a provision that only awards a city service contract to an outside bidder if taxpayers will realize at least a 10 percent savings over the current cost.

This means that if the city spends \$10 million to perform a service, a private company would have to be able to perform that same work for less than \$9 million.

Despite this substantial advantage, labor unions are demanding that real costs in the city employee groups' bids be ignored in order to tip the scales in the employee groups' favor – and ensure minimal competition from the private sector.

One point on which the unions and the mayor have been unable to come to agreement is how health care costs will be treated under the program. The unions insist that the cost of providing health care to employees should not be factored into bids; the mayor's office argues that this real cost – more than \$6,000 per city employee annually – cannot be ignored, since the taxpayers will continue to foot that bill for coverage if an employee group wins a bid.

“Labor leaders know private companies generally provide health care for a lower cost than the city does,” Sanders said. “Their solution is to have taxpayers continue to pick up the tab for city employees' health care – but then pretend that this is not a real cost in the bid process. This is patently unfair and undermines the entire competitive bidding process.”

The mayor and the unions also are at odds on how the program would account for administrative overhead and non-personnel expenses, as well as how long the city will delay putting a function through the managed competition process after a city department undergoes pre-competition streamlining. The mayor's proposal gives employee groups a full year to implement efficiencies before competing with the private sector, while labor leaders are pushing for a five-year delay between streamlining and managed competition.

In addition, labor leaders are insisting on a measure that would force private-sector contractors who win a contract to provide city services to hire the city employees who are displaced in the process. The mayor's position is that this measure would deter private-sector bids by forcing companies to hire redundant employees not of their own choosing.

“Our employees already have two fingers on the scale with the built-in 10 percent advantage,” Sanders said. “The voters made it clear they support the efficiency that stems from fair competition, and the City Council must honor that mandate. They must not put the interests of their labor union campaign supporters over the will of the citizens they represent.”

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